

ARTICLE VIMEMBERSHIP AND VOTING RIGHTS

Section 1. Members: The Declarant, for so long as it shall be an Owner, and every person or entity who is an Owner of a fee or undivided fee interest in any Dwelling Unit or Site which is subject by covenants of record to assessments by the Association, including contract sellers, shall be a member of the Association. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such Dwelling Unit or Site shall be the sole qualification for membership, and no Owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be appurtenant to and may not be separated from ownership of any Dwelling Unit or Site which is subject to assessment by the Association. The Board of Directors may make reasonable rules relating to the proof of ownership of a Dwelling Unit or Site in Escoba Bay.

Section 2. Member Classes and Voting Rights: The Association shall have two (2) classes of voting Members:

Class A. Class A Members shall be all those Owners with the exception of the Declarant. Class A Members shall be entitled to one (1) vote for each Dwelling Unit or Site in which they hold the required ownership interest. When more than one person or entity holds such interest in any Dwelling Unit or Site all such persons shall be Members. The vote for such Dwelling Unit or Site shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Dwelling Unit or Site and no fractional vote may be cast with respect to any Dwelling Unit or Site.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Dwelling Unit or Site in which it holds the required ownership interest, provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs first:

(a) the total votes outstanding in Class A Membership equal the total votes outstanding in the Class B Membership; provided that the Class B Membership shall be reinstated with all rights, privileges, responsibilities and voting power if, after conversion of the Class B Membership to Class A Membership, as provided hereunder, additional lands are annexed to the properties without the assent of the Members on account of the development of such additional lands by the Declarant, all within the times and as provided in Article IX; or

(b) January 1, 1994.

Section 3. Voting Rights Suspension: The right of any Class A Member to vote may be suspended by the Board of Directors of the Association for just cause pursuant to its rules and regulations and according to the provisions of Article II, Section 5.

Section 4. Right of Declarant to Representation on Board of Directors of the Association: Notwithstanding anything contained herein to the contrary, until January 1, 1994, or until four (4) months after CEPCO, INC. shall have conveyed seventy-five (75%) percent of the properties shown on the general plan of Escoba Bay, whichever occurs first, CEPCO, INC. (or its express assignee of the right granted in this Section) shall have the right to designate and select a two-thirds (2/3) majority of the Board of Directors of the Association. Whenever CEPCO, INC. shall be entitled to designate and select any person or persons to serve on any Board of Directors, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association. CEPCO, INC. shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed. Any Director designated and selected by CEPCO, INC. need not be an Owner. Any representative of CEPCO, INC. serving on the Board of Directors of the Association shall not be required to disqualify himself from any vote upon any contract or matter between CEPCO, INC. and the Association where CEPCO, INC. may have a pecuniary or other interest. Similarly, CEPCO, INC., as a member of the Association, shall not be required to disqualify itself upon any vote upon or entrance into any contract or matter between CEPCO, INC. and the Association where CEPCO, INC. may have a pecuniary or other interest.

ARTICLE VII

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment: The Declarant, for each Site and each Dwelling Unit owned, hereby covenants, and every other Owner of any Site and any Dwelling Unit covered by this Declaration, by acceptance of a deed therefor, whether or not expressed in any such deed or other covenant, is deemed to covenant and agrees to pay to the Association:

- (a) Annual assessments or charges as herein provided;
- (b) Special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments on a Dwelling Unit or Site together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest and costs, and reasonable attorney's fees (as provided in North Carolina General Statutes Section 6-21.2) incurred by the Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner of such Dwelling Unit or Site at the time when the assessment became due. The obligation of an Owner for delinquent assessments shall not pass to his successors or assigns in title.

Section 2. Purpose of Assessments: The assessments levied by the Association shall be used exclusively for the purposes of promoting the beautification of Escoba Bay, the recreation, health, safety and welfare of the Owners in Escoba Bay, the enforcement of these covenants and the rules of the Association, and the improvement and maintenance of the Common Area, including, without limitation, the maintenance of any dedicated streets within the Common Area which are not accepted for dedication by the appropriate governmental authority.

Section 3. Annual Assessments: To and including December 31, 1988, the Annual Assessment shall be shared equally and shall not be in excess of THREE HUNDRED DOLLARS (\$300.00) per Dwelling Unit or Site, except as otherwise provided herein; the exact amount of which shall be determined from time to time by the Board of Directors in accordance with the following provisions:

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than ten (10%) percent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten (10%) percent by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 4. Special Assessment for Repairs: In the event any portion of the Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents, or family members, such Owner does hereby authorize the Association to repair said damaged area in a good and workmanlike manner. The amount necessary for such repairs, labor and material, shall become a special assessment upon the Dwelling Unit or Site of said Owner.

Section 5. Special Assessment for Capital Improvements: In addition to the Annual Assessments authorized above, the Association may levy one or more special assessments applicable to that year only for the purpose of defraying the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members (as defined and determined above in Section 3(b)) who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting.

Section 6. Uniform Rate of Assessment: Both Annual and Special Assessments, (with the exception of the Special Assessment authorized by Article VII, Section 4 above) must be fixed at a uniform rate for all Dwelling Units or Sites and may be collected on a monthly, quarterly or semi-annual basis in advance.

Section 7. Date of Commencement of Annual Assessment—Due Dates: The Annual Assessments provided herein shall commence as to all Dwelling Units or Sites Six (6) months following the date on which title to such Site was transferred from the Declarant to the Owner. Notwithstanding anything herein to the contrary, Declarant's assessments shall be twenty-five (25%) percent of the Annual Assessment on all unoccupied Dwelling Units or Sites owned by it. The Board of Directors shall fix the amount of the annual assessment against such Dwelling Unit or Site at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto but failure to receive such notice shall in no way affect the obligation of each Owner therefor or the lien therefor as provided herein. The due dates and approximate penalties for late payment shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing setting forth whether the

assessments on a specified Dwelling Unit or Site have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment status.

Section 8. Remedies for Non-Payment of Assessments: Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at a rate not to exceed ten (10%) percent. The Association may bring an action at law against the Owner personally obligated to pay any assessments and interest or foreclose the lien created herein in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of Deeds of Trust. Costs and reasonable attorney's fees (as set forth in Article VII, Section 1 above), of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by the nonuse of the Common Area or abandonment of his Dwelling Unit or Site.

In the event of such action at law and in the further event that such action results in a judgment being entered against the Owner and in favor of the Association, then, and in that event, the Association shall be further empowered to execute on that judgment in such manner and to the extent provided and permitted by the laws of the State of North Carolina.

Section 9. Subordination of the Lien to Mortgages and Ad Valorem Taxes: The lien of the assessments provided for herein on any Dwelling Unit or Site shall be subordinate to the lien of any first mortgage, deed of trust or first purchase money deed of trust representing a first lien on said property and shall be subordinate to ad valorem taxes. Sale or transfer of any Dwelling Unit or Site shall not affect the assessment lien; provided, however, that the sale or transfer of any Dwelling Unit or Site pursuant to a decree of foreclosure on a mortgage thereon or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Dwelling Unit or Site from liability or liens arising from assessments thereafter becoming due.

Section 10. Exempt Property: Any portion of Escoba Bay dedicated to, and accepted by, a local public authority shall be exempt from the assessments created herein; provided, however, no land or improvements devoted to Dwelling Unit use shall be exempt from said assessments.

Section 11. Annual Budget: By a majority vote of the directors, the Board shall adopt an annual budget for the subsequent year of operation, which shall provide for allocation of expenses in such a manner that the obligations imposed by the Declaration and any and all Supplementary Declarations will be met.

Section 12. Reserve Funds: The Association shall establish reserve funds from its Annual Assessments to be held in reserve in an interest-bearing account or investments as a reserve for (a) major rehabilitation or major repairs, (b) emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss, (c) recurring periodic maintenance, and (d) initial costs of any new service to be performed by the Association.

ARTICLE VIII

EASEMENTS

Section 1. Walks, Drives, Parking Areas, Utilities, Etc.: Escoba Bay, including Sites and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, other utilities, ingress, egress and regress and otherwise as shall be established by the Declarant or by its predecessor in title, prior to the conveyance of the property designated to be the Common Area to the Association; and the Association shall have the power and authority to grant and establish further easements upon, over, under and across the Common Area.

Section 2. Encroachments and Declarant's Easement to Correct Drainage: All Dwelling Units or Sites and the Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent Sites by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. If any encroachment shall occur subsequent to subjecting Escoba Bay to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be and remain a valid easement for such encroachment for the maintenance of the same. For a period of twenty-five (25) years from the date of this Declaration, the Declarant reserves a blanket easement and right on, over and under the ground within Escoba Bay to maintain and to correct drainage or surface water in order to maintain reasonable standards of health,

safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary. After such action has been completed, the Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected Owners. These rights and reservations are assignable by the Declarant.

Section 3. Private Streets and Limited Common Areas: Private streets and Limited Common Areas may be created upon any Site to serve the needs of multiple Dwelling Units thereon. Such private streets and Limited Common Areas shall be subject to an easement in favor of every Dwelling Unit to which they are adjacent or which they are designed to serve and shall be deemed appurtenant to each Dwelling Unit whereby the Owner of such Dwelling Unit shall be entitled to use them as a means of ingress, egress and regress and such other uses as shall have been designated.

Section 4. Easement to Local Governmental Units: An easement is hereby established for municipal, state or public utilities serving the area, their agents and employees over all Common Area hereby or hereafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage connections, and acting with other purposes consistent with the public safety and welfare, including without limitation, police and fire protection.

ARTICLE IX

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members: Except as provided in Section 2 of this Article, additional lands may be added and annexed to Escoba Bay only if two-thirds (2/3) of each class of all the votes entitled to be cast, in the aggregate, by the Members are cast in favor of annexation. In such event the holder of Class B voting rights shall be entitled only to one vote for each Dwelling Unit or Site which it owns. A meeting shall be duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting.

For the purpose of such meeting, the presence thereof of Members or authorizing proxies entitled to cast sixty percent (60%) of the votes, in the aggregate, of the Members, shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subject to the notice requirement set forth

above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

If a quorum is present and a majority of the votes are cast in favor of the annexation, but the majority is less than the two-third (2/3) majority of each class required for approval of the annexation, and it appears that the required assent of two-thirds (2/3) of each class may be achieved if the members not present or voting by proxy assent to the annexation, then and in that event, the Members not present or voting by proxy may assent to or dissent from the proposed annexation in writing within one hundred twenty (120) days following the date of the meeting at which the vote was taken. Each Member assenting or dissenting shall be deemed to have cast, respectively, all of the votes to which he is entitled under Article "VI"; Section 2 of this Declaration either in favor of or against the annexation. If the number of votes cast at the meeting in favor of the annexation, together with the votes (deemed to have been cast) by the Members assenting to the annexation, shall constitute the requisite two-thirds (2/3) majority at each class of all votes entitled to be cast, the annexation shall stand approved.

Section 2. Annexation by Declarant: The Declarant may annex additional lands to Escoba Bay in the following manner:

(a) If within fifteen (15) years of the date of the incorporation of the Association, the Declarant should develop additional lands within the boundaries shown on the general plan of Escoba Bay, and described in Exhibit "B" attached hereto and incorporated herein by reference, such additional lands may be annexed to Escoba Bay without the assent of the Members.

(b) The Declarant may annex to Escoba Bay the additional land described in Sub-Section (a) of this Section 2 by recording in the Onslow County Registry a Declaration of Annexation, duly executed by Declarant, describing the lands annexed and incorporating the provisions of this Declaration. The additional land may be deemed annexed to Escoba Bay on the date of recordation of the Declaration of Annexation, and no other action or consent shall be necessary.

(c) Subsequent to recordation of the Declaration of Annexation by such Declarant, the Declarant shall deliver to the Association one or more deeds conveying any property that will be designated as Common Area within the lands annexed as such designated property is developed.

ARTICLE XRIGHTS RESERVED UNTO INSTITUTIONAL LENDERSSection 1. Entities Constituting Institutional Lenders:

"Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan association, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

Section 2. Obligation of Association to Institutional Lenders: So long as any Institutional Lender shall hold any first lien upon any Dwelling Unit or Site, or shall be the Owner of any Dwelling Unit or Site, such Institutional Lender shall have the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Board of Directors of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-Laws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To be given notice of any delinquency in payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner of any Dwelling Unit or Site encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

(d) To be given notice of any condemnation loss or casualty loss which affects a material portion of the Common Area.

(e) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Area, other than those specific rights vested in the Association under Article II hereof.

(f) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

Section 3. Requirements of Institutional Lender: Whenever any Institutional Lender desires to avail itself of the provisions of this Article, it shall furnish written notice thereof to the Association by CERTIFIED MAIL at the address shown in the Articles of Incorporation, identifying the Dwelling Unit or Site upon which any such Institutional Lender holds any first lien or identifying any Dwelling Unit or Site owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Enforcement: The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Amendment by Owners: The covenants, conditions and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Dwelling Unit or Site subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. The Covenants, Conditions and Restrictions of the Declaration may be amended during the first thirty (30) year period or thereafter by a two-thirds (2/3) vote of the members of the Association, said vote subject to the voting rights stated in Article VI, Section 2, and taken at a duly authorized meeting of the members. The Board of Directors of the Association may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction without action or consent of the Owners, and such amendment shall be certified as an official act of the Board and recorded in the Onslow County Registry. Notwithstanding anything contained in this Section, any amendment or termination of this Declaration which shall materially and adversely affect the validity or priority of the lien of or the rights of Institutional Lenders (as hereinafter defined) holding first mortgage loans on property located within Escoba Bay shall be required to have the prior approval of such Institutional Lenders.

"Institutional Lenders" shall mean and refer to banks, savings and loan association, insurance companies, other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

Section 3. Amendment to Achieve Tax-Exempt Status: The Declarant for so long as it shall retain control of the Board of Directors of the Association, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, without action or consent of the Owners in order to qualify the Association or Escoba Bay, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Onslow County Registry.

Section 4. Certification and Recordation of Amendment: Any instrument amending these covenants, conditions and restrictions (other than an amendment by the Board to correct an error or inconsistency in drafting, typing, or reproduction) shall be delivered, following approval by the Owners, to the Board of Directors. Thereupon, the Board of Directors shall, within thirty (30) days after delivery, do the following:

(a) Reasonably assure itself that the amendment has been duly approved by the Owners as provided in Section 2 of this Article. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to be examined).

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association.

(c) Within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Onslow County Registry.

Section 5. Effect and Validity of Amendments: All amendments shall be effective from the date of proper recordation in the Onslow County Registry. When any instrument purporting to amend the covenants, conditions and restriction has been certified by the Board of Directors and recorded as provided in this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the Owners of all Dwelling Units or Sites in Escoba Bay.

Section 6. Exchange of Common Area: Notwithstanding any provision herein to the contrary, other than Section 3 of this Article XI, it is expressly provided that the Association may convey to the Declarant, as well as any other Member, for fair market value any portion of the Common Area theretofore

conveyed to the Association, as provided in the Articles of Incorporation of the Association. Upon such conveyance, the area conveyed shall cease to be Common Area and shall cease to be subject to the provisions of these covenants relating to the Common Area. Any area purchased by the Association pursuant to the foregoing language shall become Common Area and shall be subject to the provisions of these covenants relating to the Common Area.

Section 7. Protective Covenants for Dwelling Units or Sites: Nothing herein shall affect the Declarant's right to establish, from time to time, appropriate specific additional covenants for the development and use of Sites for attached or detached Dwelling Units in Escoba Bay.

Section 8. Conflicts: In the event of any irreconcilable conflict between the Declaration and the By-Laws of the Association, the provisions of this Declaration shall control. In the event of an irreconcilable conflict between this Declaration or By-Laws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 9. Severability: Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

ARTICLE XII

DISSOLUTION OR INSOLVENCY OF THE ASSOCIATION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Provided, however, that any amendment or termination of this Declaration which shall materially and adversely affect the validity or priority of the lien of or the rights of Institutional Lenders (as hereinafter defined) holding first mortgage loans on property located within Escoba Bay shall be required to have the prior approval of such Institutional Lenders. "Institutional Lenders" shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on residences and other eligible insurers and governmental guarantors. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those of which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

IN WITNESS WHEREOF, the Declarant, CEPCO, INC., has caused this instrument to be executed in its corporate name by its President and his signature to be attested, and its seal hereto affixed by its Secretary all by order and authority duly granted by its Board of Directors all on the day and year first above written.

CEPCO, INC.

BY: John H. Harding (SEAL)

President

ATTEST:

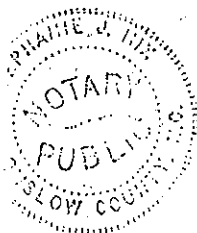
Judy Padgett (SEAL)

(Corporate Seal)

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

This is to certify that on the 28th day of December, 1987, before me personally came CHARLES E. PADGETT, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and Judy Padgett, Secretary of CEPCO, INC. the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal, this the 28th day of December, 1987.

Stephanie J. Hix
Notary PublicMy Commission Expires: 1-13-92NORTH CAROLINA, ONSLOW COUNTY
The foregoing certificate(s) of

Stephanie J. Hix

Notary(ies) Public is (are) certified to be correct. This instrument was presented for registration and recorded in this office in Book 861 Page 321 This 29th day of December 19 87 A.D. at 12:35 o'clock P. M.
Michael M. Hines By _____
Register of Deeds, Onslow County Register of Deeds

EXHIBIT A

Being all of that property shown on the plat entitled "Escoba Bay Equestrian and Yachting Community, Phase 1" prepared by McKim & Creed, Engineers, and recorded on November 18, 1987 in Map Book 25, Page 50, Slide D-238, Oneida County Registry.

EXHIBIT B

BEGINNING at an old iron stake on the Eastern right-of-way of NCSR 1520 (60 foot right-of-way), said stake being located South 83 degrees 43 minutes 50 seconds East 20.77 feet from a P.K. Nail in the Centerline of NCSR 1520, said P.K. Nail being located 1118.58 feet from an old R.R. Spike at the point of intersection of the centerline of NCSR 1520 with the centerline of NCSR 1515, as measured in 100-foot chords along the centerline of NCSR 1520 in a Southerly direction from NCSR 1515; thence from the above described point of beginning and leaving said right-of-way South 83 degrees 43 minutes 50 seconds East 140.06 feet to an old iron stake; thence, the same course, South 83 degrees 43 minutes 50 seconds East 224.11 feet to an old iron stake; thence the same course, South 83 degrees 43 minutes 50 seconds East 122.5 feet to an Iron Stake; thence South 58 degrees 24 minutes East 92.42 feet to an old cart axle at the corner of an old fence an old gate; thence with said old fence North 17 degrees 22 minutes East 242.50 feet to an Iron Stake; thence with an old fence South 82 degrees 45 minutes East 204.94 feet to an Iron Stake in a re-dug portion of a small branch; thence down and with the various courses of said branch; South 20 degrees 03 minutes 10 seconds East 57.24 feet to an iron stake; thence South 06 degrees 52 minutes 20 seconds West 61.50 feet to an Iron Stake; thence South 16 degrees 25 minutes East 50.63 feet to an Iron Stake; thence South 07 degrees 01 minutes 20 seconds East 55.88 feet to an Iron Stake; thence South 16 degrees 21 minutes 10 seconds East 57.08 feet to an Iron Stake; thence South 08 degrees 19 minutes 50 seconds East 81.80 feet to an Iron Stake; thence South 08 degrees 13 minutes 10 seconds East 38.69 feet to an Iron Stake; thence South 07 degrees 54 minutes 10 seconds East 46.84 feet to an Iron stake; thence South 07 degrees 32 minutes 40 seconds West 162.47 feet to an Iron Stake; thence South 36 degrees 16 minutes 40 seconds East 57.61 feet to an Iron Stake; thence South 76 degrees 21 minutes 50 seconds East 77.38 feet to an Iron Stake; thence South 43 degrees 28 minutes 50 seconds East 82.38 feet to an Iron Stake; thence South 51 degrees 41 minutes 10 seconds East 60.80 feet to an Iron Stake; thence South 03 degrees 37 minutes 40 East 51.10 feet to an iron stake; thence South 35 degrees 01 minutes 10 seconds East 47.81 feet to an Iron Stake; thence South 13 degrees 37 minutes 30 seconds East 90.83 feet to an Iron Stake; thence South 59 degrees 03 minutes 10 seconds East 49.17 feet to an Iron Stake; thence South 17 degrees 18 minutes 30 seconds East 34.04 feet to an Iron Stake; thence South 43 degrees 29 minutes 10 seconds East 28.68 feet to an Iron Stake; thence South 30 degrees 49 minutes 30 seconds East 64.19 feet to an Iron stake; thence South 59 degrees 10 minutes 10 seconds East 36.06 feet to an Iron Stake; thence South 28 degrees 52 minutes 30 seconds East 70.98 feet to an Iron stake; thence South 03 degrees 05 minutes 50 seconds East 79.55 feet to an Iron Stake; thence South 02 degrees 24 minutes 20 seconds West 52.32 feet to an Iron Stake;

thence South 21 degrees 16 minutes 30 seconds West 37.81 feet to an Iron Stake; thence South 25 degrees 36 minutes 10 seconds East 101.58 feet to an Iron Stake; thence South 69 degrees 59 minutes 30 seconds East 19.45 feet to an Iron Stake; thence South 24 degrees 38 minutes 10 seconds East 116.25 feet to an Iron Stake; thence South 38 degrees 24 minutes 20 seconds East 86.85 feet to an Iron Stake; thence South 16 degrees 42 minutes 50 seconds West 48.0 feet to an Iron Stake; thence South 05 degrees 53 minutes 30 seconds East 101.97 feet to an Iron Stake; thence South 34 degrees 18 minutes 20 seconds East 36.16 feet to an Iron Stake; thence South 15 degrees 23 minutes 40 seconds East 108.07 feet to an Iron Stake; thence South 25 degrees 46 minutes 10 seconds West 52.95 feet to an Iron Stake; thence South 83 degrees 13 minutes 20 seconds West 89.98 feet to an Iron Stake; thence South 19 degrees 27 minutes 10 seconds West 78.38 feet to an Iron Stake; thence South 52 degrees 15 minutes 30 seconds West 65.05 feet to an Iron Stake; on the Western Bank of a man-made boat channel; thence South 27 degrees 17 minutes 10 seconds West 223.85 feet to an old iron stake on said bank at a bend; thence with the run of said channel South 12 degrees 34 minutes East 422.38 feet to an Iron Stake on the High Water Mark of Charles Creek; thence down and with the High Water Mark of Charles Creek South 29 degrees 16 minutes 50 seconds East 41.25 feet to an Iron Stake; thence South 04 degrees 38 minutes 20 seconds West 123.05 feet to an Iron Stake; thence South 13 degrees 59 minutes 40 seconds West 77.70 feet to an Iron Stake; thence South 04 degrees 51 minutes 40 seconds East 150.68 feet to an Iron Stake; thence South 18 degrees 47 minutes 10 seconds East 79.18 feet to an Iron Stake; thence South 00 degrees 18 minutes 10 seconds East 111.20 feet to an Iron Stake; thence South 57 degrees 49 minutes 40 seconds West 155.75 feet to an Iron Stake; thence South 32 degrees 43 minutes 10 seconds West 77.91 feet to an Iron Stake; thence South 31 degrees 52 minutes 30 seconds East 207.45 feet to an Iron Stake; thence South 27 degrees 55 minutes 50 seconds West 41.27 feet to an Iron Stake; thence South 69 degrees 36 minutes 50 seconds West 61.22 feet to an Iron Stake; thence South 45 degrees 19 minutes 30 seconds West 142.69 feet to an Iron Stake; thence South 24 degrees 56 minutes 10 seconds West 40.77 feet to an old iron stake on said High Water Mark near an old landing; thence leaving Charles Creek North 64 degrees 22 minutes 40 seconds West 312.34 feet to an old iron stake on the Northern edge of an old dirt road; thence with said edge, the same course North 64 degrees 22 minutes 40 seconds West 250.80 feet to an old iron stake; thence North 69 degrees 49 minutes 50 seconds West 155.15 feet to an old iron stake on the edge of said dirt road near the intersection with another old dirt road; thence partially with the Northern edge and partially with an interior portion of the first mentioned dirt road North 62 degrees 07 minutes 20 seconds West 718.30 feet to an iron stake on the Northeasternmost right-of-way of NCSR 1520; thence with said right-of-way North 32 degrees 27 minutes 30 seconds West 900.87 feet to a concrete right-of-way monument; thence North 27 degrees 57 minutes 50 seconds West 117.80 feet to a point; thence North 16 degrees 38 minutes 50 seconds West 93.87 feet to a point; thence North 04 degrees 36 minutes 50 seconds

West 94.41 feet to a point, thence North 04 degrees 38 minutes 30 seconds East 94.62 feet to a point; thence North 15 degrees 51 minutes 50 seconds East 94.61 feet to a point; thence North 25 degrees 09 minutes 50 seconds East 96.40 feet to a concrete right-of-way monument, thence North 29 degrees 36 minutes East 827.31 feet to a point; thence North 28 degrees 41 minutes East 100.99 feet to a point; thence North 25 degrees 48 minutes 30 seconds East 101.57 feet to a point; thence North 22 degrees 41 minutes 40 seconds East 101.09 feet to a point; thence North 21 degrees 39 minutes 40 seconds East 100.35 feet to a point; thence North 21 degrees 20 minutes 30 seconds East 220.22 feet to a point; thence North 17 degrees 17 minutes East 103.64 feet to a point; thence North 07 degrees 25 minutes East 104.89 feet to a point; thence North 01 degrees 21 minutes 20 seconds West 103.34 feet to a point, thence North 05 degrees 19 minutes 40 seconds West 94.85 feet to the point and place of beginning, containing 124.53+ acres.

LESS AND EXCEPT that portion of the above-described property which has been platted and is shown on that plat entitled "Escoba Bay Equestrian and Yachting Community, Phase 1", prepared by McKim and Creed, Engineers, and recorded on November 18, 1987 in Map Book 25, Page 50, Slide D-238, Onslow County Registry.

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Prepared by: DONALD G. WALTON, JR., Attorney at Law

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

AMENDMENT TO DECLARATION OF MASTER
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR ESCOBA BAY EQUESTRIAN AND YACHTING
COMMUNITY AND BY-LAWS OF THE ESCOBA
BAY HOMEOWNERS ASSOCIATION

THIS AMENDMENT to the Declaration of Master Covenants, Conditions and Restrictions of Escoba Bay Equestrian & Yachting Community (hereinafter called the "Declaration"), as recorded in the Office of the Register of Deeds of Onslow County in Book 861, Page 321; and to the By-Laws of the Escoba Bay Homeowners Association, (hereinafter called the "By-Laws") as recorded in Book 861, Page 337;

WITNESSETH:

WHEREAS, the above-referenced Declaration and By-Laws were promulgated to insure development of Escoba Bay in an orderly manner for the benefit of all owners of property therein; and

WHEREAS, the undersigned, representing not less than a majority of a quorum of members of the Association present in person or by proxy at a regular or special meeting, now desire to amend the By-Laws in order to serve the needs of the lot owners better and to administer and enforce the purposes of the Declaration and By-Laws more efficiently.

WHEREAS, these changes were approved by a vote of a majority of a quorum of members present in person or by proxy, as required by the aforesaid By-Laws, and that there is no conflict with the Articles of Incorporation, which allow up to six (6) board members.

NOW, THEREFORE, in accordance with Article VIII of the Declaration, the following amendment to said Declaration and By-Laws is hereby promulgated:

A. Article IV, Section I is deleted, and the following language is inserted instead:

"The affairs of this Association shall be managed by a Board of five (5) directors who must be members of the Association."

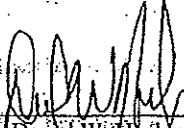
B. Article IV, Section II is deleted, and the following language is inserted instead:

"At the 2002 annual meeting the members shall elect two (2) directors for a term of one (1) year and three (3) directors for a term of two (2) years. Length of service for each electee shall be determined by the number of votes received with the three electees receiving the most votes awarded two-year terms. At the 2003 annual meeting the members shall elect two (2) directors for a term of two (2) years. At each annual meeting thereafter, the members shall elect the appropriate number of directors to fill the upcoming vacancies, and all terms shall be for two (2) years."

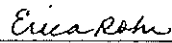
IN WITNESS THEREOF, the undersigned officers of the Escoba Bay Homeowners Association and lot owners have caused this instrument to be signed and sealed, on the date noted in the acknowledgment of each signature.

ESCOBA BAY HOMEOWNERS ASSOCIATION

BY:


Daniel W. Hackman, President

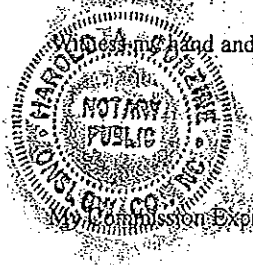
ATTEST:

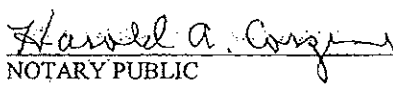

Erica Rohr, Secretary

NORTH CAROLINA
ON SLOW COUNTY

I, the undersigned, a Notary Public of the County and State aforesaid, certify that ERICA ROHR personally came before me this day and acknowledged that she is Secretary of ESCOBA BAY HOMEOWNERS ASSOCIATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Secretary.

Witness my hand and official stamp or seal, this the 11th day of Dec., 2002.




NOTARY PUBLIC